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C O N F I D E N T I A L SECTION 01 OF 02 RIYADH 001647

MOSCOW PLS PASS ST PETERSBURG, VLADIVOSTOK, YEKATEREINBURG

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DEPARTMENT PASS TO NEA/ARP FOR JHARRIS, EUR/RUS FOR
SWATSON, INR/REA FOR DFLAHERTY

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TAGS: ECON ETRD PGOV PREL RS SA

SUBJECT: RUSSIAN INFLUENCE IN SAUDI ARABIA DEFIES LIMITED
PRESENCE

REF: RIYADH 1576

Classified By: CDA David Rundell for
reasons 1.4 (b) and (d).

¶11. (C) SUMMARY: Russia's footprint in Saudi Arabia - official and unofficial - is relatively small compared to the U.S. and many other countries. While several positions in their Riyadh embassy remain unfilled, Russia seeks an office location in Mecca to house their mission to the Organization of the Islamic Conference (OIC). Russian businesses find Saudi judicial procedures opaque, creating a significant barrier to entry. Bilaterally, Russia made a public relations push by publicly supporting King Abdullah's Interfaith Dialogue Initiative. Still, the SAG fears taking actions that would invite Russian retaliation in other areas. END SUMMARY.

MEETING AT THE RUSSIAN EMBASSY

¶12. (C) On October 14, representatives of Embassy Riyadh and INR met with the third-highest ranking official at the Russian Embassy, Alexander Bagdatiev. Bagdatiev described himself as an Arabist, having previously served four years in Amman, five in Egypt, and now two years in Riyadh with at least one to go. The meeting was extremely cordial and positive in tone. Discussion remained in the comfort zone of regional issues of joint concern, such as Israel-Palestine and how to deal with Hamas, but did not stray into any significant policy discussions.

¶13. (C) Bagdatiev made several revealing comments about his Embassy's operations and Russia's presence in the kingdom. He noted that Saudi-Russo diplomatic relations officially began in 1991, although a Ministry of Foreign Affairs contact pointed out later that day that the real relationship started long before that date. Bagdatiev estimated that there are about 400 expatriate Russians living in Saudi Arabia: 300 in Riyadh, 100 in Jeddah. He lamented that the Russian Embassy in Riyadh is severely understaffed with several open positions, creating additional workload for everyone else. Bagdatiev explained that Moscow wants Arabists for their Riyadh positions, but those with the right skills tend to opt for the more lucrative Russian energy sector. Bagdatiev also shared some surprising anti-Saudi sentiments. "They don't understand that they're only powerful and respected because of oil," he said. He bluntly opined that most Saudis are "stupid," and added that President Ahmadinejad of Iran is "crazy."

¶14. (C) Russia has observer status at the OIC, but they plan

to establish a more permanent presence. Bagdatiev described Russia's efforts to establish a physical presence in Mecca to house its mission to the OIC. He noted they are actively looking for space to house a mission and the four or five diplomats who will staff it. Currently, Russia maintains an embassy in Riyadh and a consulate in Jeddah.

¶15. (C) On the economic front, Bagdatiev estimated (perhaps liberally) US\$500 million per year in Saudi-Russo trade. Russian exports to the kingdom are mainly in the form of steel, wood and other commodities. Bagdatiev commented that the Saudi judicial system presents a huge obstacle for Russian businesses entering the Saudi market. He explained that Russian businesses do not understand Saudi courts as they do U.S. or European courts.

¶16. (C) The Russian Embassy is located about 15 minutes from Riyadh's diplomatic quarter (DQ), which houses most foreign missions. The Saudis have designated land on the DQ for Russia to build an embassy, but construction has not begun. Bagdatiev complained that somehow Kazakhstan had already built on the space. He also noted that Russia's current embassy is in a leased facility off the DQ, meaning that they do not enjoy the diplomatic privilege of stocking alcoholic beverages. Bagdatiev added that the Saudis asked Russia for a similar space in Moscow's diplomatic zone. The Russians found a space in a prime area, but the price of land is very expensive - much more than comparable space in Riyadh - and currently there is no agreement that would allow the Saudis to use it.

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PUBLIC SUPPORT FOR KING ABDULLAH'S INTERFAITH DIALOGUE

¶17. (C) The Saudi Ministry of Foreign Affairs hosted a seminar titled "Russia and the Muslim World: the 4th Forum of the Strategic Vision Group" from October 27-29 in Jeddah (Septel). The event received significant press coverage, including a front-page spread in the English-language Arab News, with the headline "Russia Embraces Muslim World." In a speech delivered by President of Tartarstan Mintimer Shaimiyev, Russian President Dmitry Medvedev said Russia will "strengthen its ties with the Muslim world and advance the cause of the interfaith-dialogue sponsored by King Abdullah, Custodian of the Two Holy Mosques."

SAUDIS STILL WATCHFUL OF RUSSIA

¶18. (C) The Saudis' attitude towards Russia was summarized well by Foreign Minister Prince Saud al-Faisal in an October 18 meeting with the Ambassador (Reftel). While discussing Kosovo, Prince Saud explained that, in view of Russian concerns, the SAG had judged it wise to delay its recognition of Kosovo until all the European countries had done so. The Saudis wanted to avoid taking action that would leave the Russians feeling isolated or provoke Russian retaliation in another arena. "Russia is in a strange mood," he worried, "and we think this is dangerous."

COMMENT

¶19. (C) The size of the Russian expatriate community is surprisingly small, with a few hundred Russians dwarfed by an Amcit community estimated at close to 35,000. We believe Bagdatiev's estimate of trade volume is overstated: press reports estimate annual trade a closer to US\$200 million per year. Further, the embassy staffing shortage could symbolize that the Russians do not have a serious diplomatic engagement with the kingdom. Otherwise, they would ensure that these

empty positions were filled. However, lack of physical presence should not be confused with lack of influence. Russia's participation in the Jeddah forum promotes a positive image to the Saudi public. Prince Bandar bin Sultan's moves to purchase Russian arms raise additional questions about the relationship's direction. Most revealing are Prince Saud's comments, which leave no doubt that Russian concerns factor heavily into Saudi decisions. END COMMENT.

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